

EIP Recommendation 3 – Funding & Budget

Key Activity:	Budgeting process & system definition (Judy V)
Description Explore and recommend the appropriate funding approaches for the various levels of the proposed model. Develop a common statewide definition of IT expense. Develop a detail description of IT expenses to be accounted for in the budget process and expense tracking system. Definition needs to address hardware, application, FTE/position classification, non-IT classifications such as task-oriented duties, and other “IT” related expenses based on current practice and future needs. Identify how the budgets are prepared, who prepares it and who approves it at various levels in the proposed model. Identify budget/fiscal system current capabilities and enhancements needed to successfully budget and account for IT expenses based on the proposed model. Identify levels of control and change authority.	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	L	\$25	6-12 Mo. Person Hours: 800

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: Appropriation process
Administrative: Impact on I3 budget system?
Cultural: IT cost visibility within departmental budgets
Dependencies on other groups: Governance

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Key Activity:	Budget Reporting/Monitoring process (Erv F)
Description The EPfMO requires specific project information to be able to identify funding availability and prioritize projects for budgeting purposes. It also requires this same level of detail from the accounting system to manage ongoing projects. Identify and develop budget process and system changes that are required to allow departmental operations and project performance reporting and expenditure monitoring. Many IT projects are part of federal grant awards or indirect cost recovery budgets. As such they are not specifically identified and tracked as part of the budget development process. Since these projects are not tracked in the budget system they generally are not tracked at a project level in the accounting system.	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	M	\$10	6-12 Months - Person Hrs: 800

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: tool or process
Cultural: n/a
Dependencies on other groups: Governance

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Key Activity:	Budget change impact process (Jan)
Description This activity includes changes that occur to appropriations after the start of a fiscal year. Most frequently the changes will result from decreases in funds available, i.e., across the board reductions. Prioritization of the application of the reductions and managing the impact on IT rates will be two of the major issues. Identify and develop a methodology to reflect budget changes in both the departmental operational and project budgets, as well as any interdepartmental service charge rates.	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	H	None	4-6 Months – Person Hrs: 300

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: Yes, no current process exists
Cultural: Competing priorities
Dependencies on other groups: Governance

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Key Activity:	Additional Initial Funding required for a successful transition (Ron)
Description Identify all the transition costs of moving to the service provider organization. Coordinate development of detail estimates with other Planning and Implementation Teams. Define format for identification of transition costs and the methodologies used to create cost estimates. Establish cost tracking and performance measurement criteria and scorecard.	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	M	none	12-18 Months – Person Hrs:1500

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: Appropriation of funds
Administrative: Organization definition
Cultural: n/a
Dependencies on other groups: All other teams

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Key Activity:	Develop New IT Spend Plan Baseline (Marty)
Description The initial Baseline of IT spending was not done consistently across departments. Also, types of funding currently being used were not addressed (i.e., Federal, Road Use Tax, Asset Forfeiture, etc.). A new baseline of spending needs to be prepared using consistent methods, along with the type of funding tied to the spending.	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	M	\$25	6 Months- Person Hrs: 2400

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: Ability to find the detail costs
Cultural: Lack of common definition or understanding of IT cost
Dependencies on other groups: n/a

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Key Activity:	Funding impact (State, Fed Matching & Other) of moving resources between dept. and enterprise (Jan)
<p>Description</p> <p>Many funding streams are program specific and may not allow their consolidation to support statewide IT. Identify and delineate the multiple funding sources and their associated provisions, regulations and restrictions for executive branch departments. Several agencies use funding sources other than the general fund. These funds can only be used for specific purposes according to Iowa Code, federal regulations and the Iowa Constitution. These funding restrictions need to be identified so that an accurate financing scenario can be established.</p> <p>As resources are redirected from their current agency/program to a central oversight entity the potential exists for the loss of federal and other dedicated funds. Allocation and costing methodologies will be needed to be developed that mitigate any negative financial impact to the state and individual agencies. Identify and establish business processes and system modifications required to provide transparency of cost from service provider to departments and agencies receiving/purchasing technology services.</p>	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	L	\$75 - \$90	6-9 Months – Person Hrs: 640

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: Need a defined organizational structure
Cultural: n/a
Dependencies on other groups: Governance

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Key Activity:	Definition of EPfMO positions & functions (Brad)
Description The Enterprise Portfolio Management Organization will accumulate an inventory of IT projects and review new undeveloped projects avoiding duplication of effort. The EPfMO will review the resources necessary for new projects, track the project budgets, procure additional resources if necessary, and establish departmental chargeback and reimbursement mechanisms. Define functional position and certification requirements. Define relational and process interconnects with departments/agencies and governance board.	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
M	L	\$300	12-18 Months – Person Hrs: 640

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: Need a defined organizational structure
Cultural: Resistance to relinquishing of control and additional oversight. Resource transfer issues.
Dependencies on other groups: Governance

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Key Activity:	Cost structure and expenditure tracking Methodologies (Mark)
<p>Description</p> <p>A system will need to be developed which will track central IT expenditures to the level of detail necessary for user agencies to direct charges to eligible funding sources. The system will need to include a time reporting component that tracks personnel time by function by user agency cost center. A system for allocating non-personnel direct and indirect costs will also have to be developed. This system will have to result in a billing to the department that is compatible with their existing cost structure. (I.e. cost center to cost center). Contingent on the methodology for funding the IT organization this may mean a process for developing a rate/cost structure.</p> <p>Utilize existing fund and detail account code structures available in I/3 to track IT expenditures for all IT projects and acquisitions. I/3's Data Warehouse is the reporting mechanism available to create periodic ad hoc and canned reports based on the account code structures used to track IT related transactions.</p>	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	H	\$50-\$75	6-9 Months- Person Hrs: 720

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: The IT organization will need to define organizational structure, develop the systems and increase the level of oversight necessary to insure that costs and time are properly billed.
Cultural: Time reporting systems are difficult to accurately implement. Employee resistance to time reporting, inaccurate reporting, miscoding transactions, all increase as the complexity of accounting system expands.
Dependencies on other groups: Governance

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Key Activity:	Training and skills development (Judy)
Description Identify training needed for users (and related costs) due to changes in the budget, accounting, purchasing or other processes. This includes the spectrum of users or participants from budget development and monitoring to data entry.	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
M	L	none	2-4 Months- Person Hrs. 80

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: Availability of resources to train and time for personnel to receive training.
Cultural: n/a
Dependencies on other groups: none

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Key Activity:	Strategy to engage Governor/Legislature/Policy-makers regarding impact and savings (Erv)
Description <p>The Accountable Government Act requires that methodologies for use in making major investment decisions include return on investment and cost-benefit analyses. This act also requires performance measures, targets and identification of auditable data sources. The first step in this process will be development of a base line spend and validation of proposed savings.</p> <p>This implementation team, with assistance from the Department of Management, will need to develop proposed measures and targets and identify auditable data sources which will be used to measure the success of the consolidation/centralized model. The team will develop a plan to present the proposed measures, targets and data sources to the Governor and the legislature. Coordination with 7 separate program groups is essential.</p>	

Priority (H, M, L)	Risk (L, M, H)	Incremental Cost (\$000's)	Time to Complete (months)
H	L	None	4 - 6 Months – Person Hrs: 200

Considerations and Mitigation Approach (n/a if not applicable)

Legislative: n/a
Administrative: n/a
Cultural: n/a
Dependencies on other groups: none